

Assembly Joint Resolution

No. 32

Introduced by Assembly Member Pacheco

April 23, 2003

Assembly Joint Resolution No. 32—Relative to medicaid.

LEGISLATIVE COUNSEL'S DIGEST

AJR 32, as introduced, Pacheco. Medicaid funding.

This measure would memorialize the President and Congress to enact legislation that would consider the 4.9 million Californians who are living below the poverty thresholds by taking into account the total number of persons living in poverty rather than the per capita income of persons when establishing the formula that will be used in the calculation of the federal share of the Federal Medicaid Assistance Percentage in 2004.

Fiscal committee: yes.

- 1 WHEREAS, Federal Medicaid Assistance Percentages
- 2 (FMAP) are recalculated annually to determine the federal share
- 3 of medicaid costs allocated to each state; and
- 4 WHEREAS, The United States Department of Health and
- 5 Human Services calculates FMAP based on the United States
- 6 Department of Commerce statistics of the average per capita
- 7 income in each state and in the nation as a whole; and
- 8 WHEREAS, The recalculation of FMAP for 2004 will reduce
- 9 California's share of federal medicaid funds by \$397,000,000,
- 10 which is the highest loss in the nation; and

1 WHEREAS, California’s per capita income grew by 1.1 percent
2 from 2000 to 2001, which is the second fastest rate in the nation;
3 and

4 WHEREAS, As Californians’ incomes rise, the state rate for
5 medicaid matching funds from the federal government declines;
6 and

7 WHEREAS, Despite the growth in per capita income in
8 California, lower income Californians have often failed to
9 experience the relative wage growth of higher income
10 Californians; and

11 WHEREAS, Despite per capita income levels above the
12 national average, California has both high levels of wealth and
13 poverty; and

14 WHEREAS, With 4.9 million people under the federal poverty
15 thresholds, California leads the nation in residents in poverty,
16 having 1.6 million more impoverished residents than the State of
17 Texas and 2.2 million more than New York; and

18 WHEREAS, FMAP calculations grew out of the federal
19 Kerr-Mills Act of 1960, and predate the official definition of the
20 poverty thresholds adopted in the late 1960s; and

21 WHEREAS, The Kerr-Mills Act of 1960 incorrectly presumed
22 that states with high per capita incomes would have low poverty,
23 and vice versa; and

24 WHEREAS, California is already facing daunting budget cuts
25 due to the state’s deficit, making it even more difficult for the state
26 to absorb and offset these federal reductions; and

27 WHEREAS, Medi-Cal faces severe underfunding due to these
28 factors not being taken into account; and

29 WHEREAS, There is a critical need to protect the health of
30 millions of low-income families and individuals that depend on
31 state and federal health programs like medicaid and the State
32 Children’s Health Insurance Program; now, therefore, be it

33 *Resolved by the Assembly and Senate of the State of California,*
34 *jointly,* That the Legislature of the State of California
35 memorializes the President and Congress of the United States to
36 enact legislation that would consider the 4.9 million Californians
37 who are living below the poverty thresholds by taking into account
38 the total number of persons living in poverty rather than the per
39 capita income when establishing the formula that will be used in



1 the calculation of the federal share of the FMAP in 2004; and be
2 it further

3 *Resolved*, That the Chief Clerk of the Assembly transmit copies
4 of this resolution to the President and Vice President of the United
5 States, to the Speaker of the House of Representatives, to the
6 Majority Leader of the Senate, and to each Senator and
7 Representative from California in the Congress of the United
8 States, and to the Secretary of Health and Human Services.

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